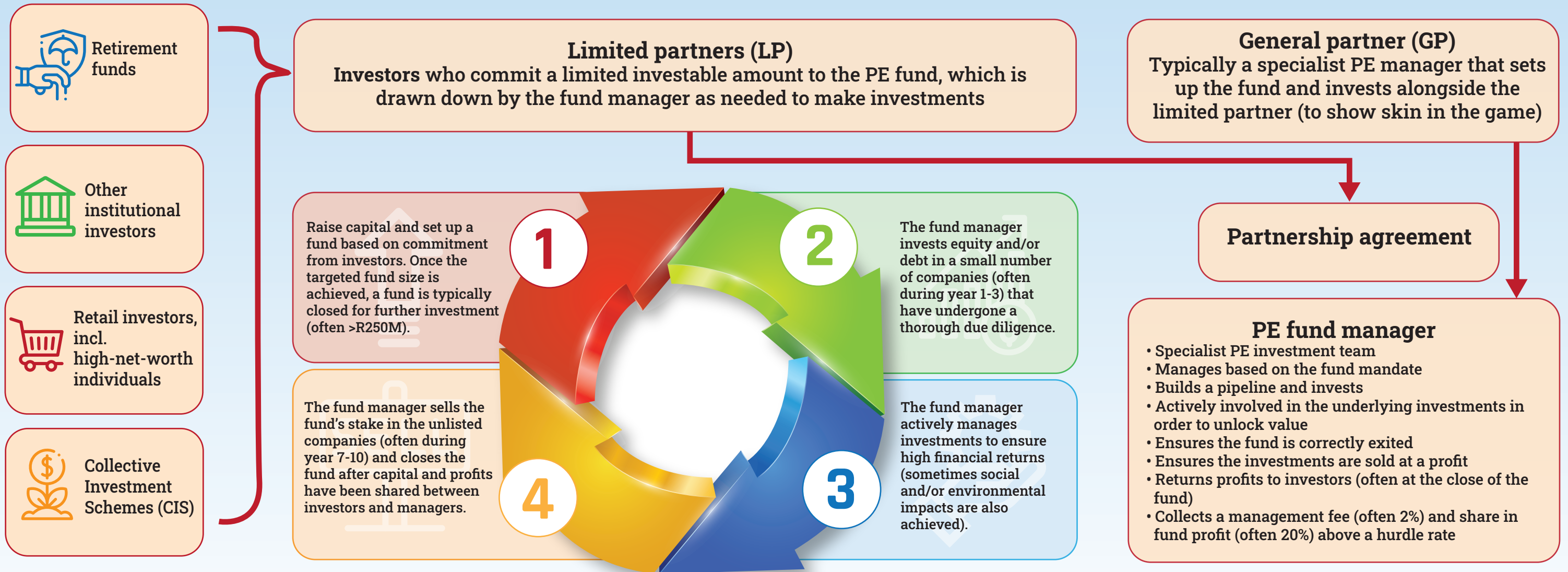


Under Regulation 28 of the Pension Funds Act, retirement funds are limited as to how much they can invest in private equity (PE) funds. Currently, this limit is set at a maximum of 10% of a retirement fund's portfolio, with a likely increase to 15% if Regulation 28 draft amendments are to be adopted. PE funds are not regulated, but service providers – such as PE fund managers – are subject to South African legislation.



Building blocks for private equity investing



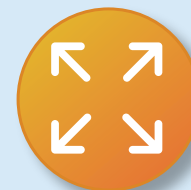
Geography

Geographic focus varies, depending on fund mandate



Sector

Various, consider high growth and ability to exit



Size

Usually medium to large unlisted companies



Impact

Can consider social and/or environmental impact, such as job creation



Exit strategy

Considers how it will exit, e.g. sell to other investors, or list on stock exchanges